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SUBJECT: INVESTING IN FOOD SECURITY: EXPERTS ADDRESS RESPONSIBLE AGRICULTURAL INVESTMENT AT GLOBAL DONOR PLATFORM MEETING

REF: USUN ROME 9

¶1. (U) This message is sensitive but unclassified. Not for dissemination outside the U.S. Government.

Summary

¶2. (SBU) On January 24, the Swiss Development Corporation, the Food and Agriculture Organization (FAO), and the International Fund for Agricultural Investment (IFAD) jointly hosted a one-day seminar entitled "Land, Investment, and Development," attended by many of the key players working on responsible international agro-industrial and land investment principles (reftel). In addition to USAID, Millennium Challenge Corporation, and USUN Rome participation, the UN's Special Rapporteur on the Right to Food briefed on his own set of land investment principles. Senior technical staff of the World Bank, FAO and IFAD discussed their ongoing work on the topic, as did representatives of the OECD, the International Land Coalition, and many other non-governmental organization researchers and policy staff. Concluding the seminar, participants agreed that next steps should entail harmonizing the World Bank's and Special Rapporteur's investment principles, and that relevant agencies would continue developing a "toolkit" for countries and investors, additional research and analysis on the issue, a "sourcebook" and country-level strategies to ensure principles were translated into implementable actions. Also agreed was the notion that time lines for action are desired, and that the process of action should be advanced rapidly. End summary.

Side Meeting: Global Donor Platform

¶3. (SBU) The Swiss Development Corporation, FAO and IFAD hosted a one-day seminar on land and investment issues on January 24 at FAO headquarters, one day before the start of the Global Donor Platform for Rural Development annual meetings. In attendance were senior technical experts of the World Bank, FAO, IFAD, the

UN Special Rapporteur on the Right to Food, the International Land Coalition, the OECD, UN Habitat, and the International Food and Policy Research Institute (IFPRI). While several donor-state representatives were in attendance (Swiss, Japanese, U.S.), conspicuous by their absence were representatives of the UN Conference on Trade and Development (UNCTAD) and representatives of developing country governments.

The Human Rights-based Approach

¶4. (SBU) First to speak in a session entitled "Principles Proposed for Investment" was the UN's Special Rapporteur on the Right to Food (R2F), Olivier DeSchutter (most likely indicative of the Swiss Government's support for a rights-based- approach to food security, and to the Rapporteur, generally). DeSchutter recalled his June, 2009 draft paper on investment principles which was shared in advance of a round table event in September, 2009 on the margins of the UN General Assembly. In a 19-page addendum to his UNGA report shared with participants, DeSchutter argues that the R2F framework offers a useful human rights construct for governments and investors to approach the topic, and should be seen as "a minimum safeguard" and not a substitute for more operational guidelines (being prepared in a separate process led by the FAO addressing Voluntary Guidelines for Land Tenure~). Though recognizing "certain opportunities"

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associated with agricultural investment, DeSchutter's paper focuses heavily on the "risks" of such development and proposes a list of 11 principles which he calls the "minimum human rights principles on which large scale land acquisitions or leases should be based."

¶5. (SBU) Consistent with the human rights based approach to food security, DeSchutter argues that neither host states nor investors need await finalization of guidelines on investments or land tenure to act in accordance with human rights. The home states of private investors, he asserted, are also under obligation to regulate the conduct of its investors abroad, particularly if the host State appears unwilling or unable to do so. Investments that can affect land rights, he noted, are a particular source of concern. The human right to food would be violated, he argued, if people depending on land for their livelihoods, including pastoralists, are cut off from access to land, without suitable alternatives; if local incomes are insufficient to compensate for the price effects resulting from the shift towards production of food for exports; or, if revenues of local smallholders fall following the arrival on domestic markets of cheaply priced food, produced on more competitive large-scale plantations developed thanks to the arrival of investors. In reaching agreement on large-scale land acquisitions or leases, he said, states should take into account the rights of current land users in areas where the investment is made, as well as the rights of workers employed on the farms. They should also be guided by the need to ensure the right to self-determination and the right to development of the local population.

World Bank Proposes Set of Guiding "Principles"

¶6. (SBU) In the second presentation, WB Land Tenure Adviser Klaus Deininger discussed why the Bank backed adoption of the seven principles discussed and generally accepted at the September UNGA round table meeting in New York, vice FAO's vetted "code of conduct" on the issue. Deininger explained that principles can be general and more technical, and apply to all stakeholders. A code of conduct, he said, is too easily bogged down in political process and procedural detail - ending up with the lowest common denominator. Principles, he continued, can be refined and improved in an iterative process, can be backed up by detailed work on implementation, and can draw upon the expertise of a wide array of stakeholders. These views, he noted, were generally supported by a Bank study on investment issues in 20 client countries, that touched upon inventories, frameworks, and projects linked to investments. After sharing a WB case study on land investment issues in Mozambique, Deininger turned to next steps in the process, adding that an inter-agency team was working to next produce a toolkit (by April 2010), country level analysis (8 countries identified), a "sourcebook" (to finalize by early 2011), and additional consultations among interested parties. Responding to questions on the R2F principles addressed earlier, Deininger said he saw no major contradictions between the two sets of principles. Another senior World Bank participant in the audience was at pains to emphasize during Q and A that the Bank's work on the issue was part of a collaborative effort between it and the other three agencies.

FAO Pressing a "Code of Conduct"

¶7. (SBU) FAO's point person for land investment issues was sick and did not attend this event, but his colleague, Paul Munro, presented an update on FAO's work to promulgate "Voluntary Guidelines on Responsible Governance of Land Tenure and Other

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Resources" - work currently funded by Germany, Finland and others. The major conclusion of FAO's work on this issue to date is that good governance is critical to the responsible stewardship of land and other resources, and that weak governance was usually the culprit in cases of poverty, degradation and exploitation. Regarding FAO's work on international investments, David Hallam continues to be at the center of ongoing work in this field, and tells USUN Rome that FAO will continue to seek agreement from members on a "Code of Conduct" for responsible international investment. This approach was further bolstered in a panel discussion on international regulatory instruments, in which panelists concluded that voluntary guidelines are generally weak due to lax monitoring and enforcement mechanisms.

Comment

¶8. (SBU) The discussion on responsible international investment in land and agriculture is moving rapidly, with Japan and various international agencies pressing for decisive action and follow-up to discussions at the UNGA and in other fora. Much work is being done at the World Bank and FAO, in particular, and according to our local contacts Tokyo appears intent on pressing for agreement this year on an international "framework" through which investment principles are endorsed and implemented. What such implementation means should be better understood, particularly in terms of the vehicle through which it is pursued (i.e., a "code of conduct" or self-policed industry principles).

It will be helpful for this mission to have guidance to respond to questions on this issue, particularly as USUN Rome considers hosting a discussion in early April for permanent representatives and others regarding the practical applicability of these principles (reftel). End comment.

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